

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

ONE SOUTH STATION

**Boston, MA 02110
(617) 305-3500**

MITT ROMNEY
GOVERNOR

KERRY HEALEY
LIEUTENANT GOVERNOR

BETH LINDSTROM
DIRECTOR
OFFICE OF CONSUMER AFFAIRS
AND BUSINESS REGULATION

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April 14, 2004

Cheryl M. Kimball
Keegan, Werlin and Pabian, LLP
265 Franklin Street
Boston, MA 02110

Re: Southern Union Company, D.T.E. 04-36

Dear Ms. Kimball:

Enclosed please find the Department of Telecommunications and Energy's First Set of Information Requests to Southern Union Company ("the Company") issued in the above-captioned matter. Please submit the Company's responses on or before 5 p.m., Wednesday, April 21, 2004.,

Thank you for your attention in this matter.

Sincerely,

Elizabeth A. Cellucci
Hearing Officer

Enc.

cc: Mary Cottrell, Secretary
Division of Energy Resources

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

FIRST SET OF INFORMATION REQUESTS OF
THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
TO SOUTHERN UNION COMPANY
D.T.E. 04-36

Pursuant to 220 C.M.R. § 1.06 (6)(c), the Department of Telecommunications and Energy ("Department") submits to Southern Union Company ("Southern Union" or "the Company") the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate three-hole punched page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Please do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn, and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.
5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.

6. If the Company finds that any one of these requests is ambiguous, please notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please serve a copy of the responses on Mary Cottrell, Secretary of the Department; also submit one (1) copy of the response to: (1) Elizabeth Cellucci, Hearing Officer; (2) Kevin Brannelly, Rates and Revenues Division; (3) Paul Osborne, Rates and Revenues Division; (4) Glenn Shippee, Rates and Revenues Division; (5) Jim Powell, Rates and Revenues Division; (6) Becky Hanson, Legal Division.
8. Responses are due by 5 p.m., Wednesday, April 21, 2004.

- DTE 1-1 Refer to the prefiled testimony of Richard Marshall at 3, and Southern Union Company, D.T.E. 03-64, at 14-15 (2003). The Company's petition seeks approval, in relevant part, of a three-to-five year revolving credit agreement, and relies on the unused borrowing capacity associated with the \$400 million securities issuance approved in D.T.E. 03-64, which provided for preferred securities and/or unsecured senior notes with maturities ranging from five to 30 years. Given the shorter maturities sought in this proceeding versus those approved in D.T.E. 03-64, would it be necessary for the Company to seek an amendment or comparable mechanism in order to enter into the proposed three-to-five year revolving credit arrangement?
- DTE 1-2 Refer to the Marshall testimony at 3. Please provide the range of anticipated interest rates for the proposed \$230 million revolving credit agreement.
- DTE 1-3 Refer to the Marshall testimony at 4. Please explain how the Company has been, and will continue to, finance its operations given that the \$150 million revolving credit facility matured on April 1, 2004 and that the \$225 million credit facility will mature on May 29, 2004.
- DTE 1-4 Refer to the Marshall testimony at 5. Please provide the average monthly 30-day, 60-day, 90-day, and 180-day London Interbank Offering Rates for the period January 2003 through March 2004.
- DTE 1-5 Refer to the Marshall testimony at 5. Please explain how the Company's senior secured long-term debt ratings by Standard & Poor's and Moody's Investor Service will be used to derive the credit spread used to determine the interest rate.
- DTE 1-6 Refer to the Marshall testimony at 5. Please provide the anticipated credit spread over the London Interbank Offering Rates.
- DTE 1-7 Refer to the Marshall testimony at 5. Please provide the anticipated period of time expected between the Department's decision in this proceeding and the closing of the \$400 million revolving credit arrangement.
- DTE 1-8 Refer to the Marshall testimony at 5-6. Please provide a copy of the Pennsylvania Public Utilities Commission's approval of the \$400 million revolving credit agreement.
- DTE 1-9 Refer to the Marshall testimony at 6. Please provide the monthly average stock price for the Company for the period January, 2003 through March, 2004.

- DTE 1-10 Refer to the Marshall testimony at 7, line 7. If the stock issuance is approved, what does the Company anticipate the “more favorable debt-to-equity ratio” will be?
- DTE 1-11 Refer to the Marshall testimony at 12, line 4. Please provide workpapers and supporting documentation for the \$8,173,000 in unregulated inventories referenced.
- DTE 1-12 Refer to the Marshall testimony at 12. Please provide the anticipated period of time expected between the proposed common stock issuance and the redemption of \$130 million in long-term debt.
- DTE-1-13 Refer to Exhibits SU-4 and SU-5. Please reconcile the total long-term debt of \$2,406,530 shown on Exhibit SU-4 with the \$2,004,408 long-term debt total shown on Exhibit SU-5, at 5.
- DTE 1-14 Refer to Exhibit SU-4. Has the Company determined which debt issues will be included in the anticipated repayment of \$130 million of long-term debt that would result from approval of the Company’s petition? If so, please provide the debt series and amounts of each debt series expected to be redeemed.
- DTE 1-15 Refer to Exhibit. SU-5, at 15. Please explain the entry of \$338,000 associated with “Capital lease and other due 2004 to 2007.”
- DTE 1-16 Is the Company required to comply with the competitive bidding requirements of G.L. c. 164, §§ 15 and 15A concerning the proposed debt issuance? If so, is the Company seeking an exemption from the requirements?

